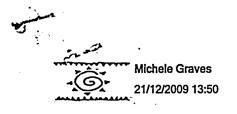
44 6 Y	
Richard M Stephenson cc: Ruth H Barker/e 22/12/2009 13:48 Subject: Re: J Smith lette	POSTOFFICE
Thanks Michele. I am happy with this and am trying to get I millions of transactions per day and up to 750 per second at possible. Ruth - can you have a quick look please? We don't refer to the specific cases Ms Smith mentions but specifics of individual cases. I imagine she will write again. The 11000 figure does not seem right - there cant be that m Or am I missing something? Thanks, R	t peak times figures to both be used if I think this is ok as we can't get into the
Michele Graves	
Michele Graves 22/12/2009 13:14 Subject: Re: J Smith letter	
Hi Richard	
Me again - sorry.	
Are you in a position to let me have your final feedback - Ala	
Christmas and it is the last day in the office for both Alan an Regards Michele Graves Executive Correspondence Manager Executive Correspondence Team	
Christmas and it is the last day in the office for both Alan an Regards Michele Graves Executive Correspondence Manager Executive Correspondence Team Post Office Limited	
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Christmas and it is the last day in the office for both Alan an Regards Michele Graves Executive Correspondence Manager Executive Correspondence Team Post Office Limited S 1st Floor, Bunhill Row Wing, 148 Old Street, LONDON, ECIV 9HQ S phone number GRO Postline: GRO Michele.gravesi GRO S michele.gravesi GRO S michele.gravesi GRO Confidential Information: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorised review, use, disclosure or distribution is prohibited. If you are not the intended recipient please contact me by reply email and destroy all copies of the	

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Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just

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POL00158368



To: Richard M Stephenson/e/POSTOFFICE GRO cc: Ruth H Barker/e/POSTOFFICE GRO Subject: Re: J Smith letter - redraft for approval

Hi Richard

Many thanks - yes I was aware of the reply to Michael Rudkin as I pretty much wrote most of it but just wasn't sure if it was suitable to use here.

I have made the suggested amends and added some comments in blue, to answer your own in red.

Re your amends on my first draft, page 2, the replacement para starting 'All new software' was already included in para 2 of the first page, so have removed and left at the start - I think it reads ok but fresh eyes and all that.

Many thanks again for all of your help - I know how busy you are.

If you could let me have final approval, I will pass to Alan for sign off.

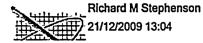
Kindest regards,

ECT 377-09 Smith Jacqui MP v2.doc

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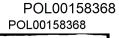
recipient(s) and may contain confidential and privileged information. Any unauthorised review, use, disclosure or distribution is prohibited. If you are not the intended recipient please contact me by reply email and destroy all copies of the original message.

Richard M Stephenson



To: Michele Graves/e/POSTOFFICE GRO cc: Ruth H Barker/e/POSTOFFICE GRO Subject: J Smith letter

Michele - see attached. I am heading off to a meeting now but Ruth is around to chat. We have made some comments throughout the letter in caps. I have also sent you an email sent by Alan recently which has some useful lines. We have used one of them to replace a para in the letter. We need to be careful about paragraphs talking too much about the system failing so we have changed this. Have





a look and see what you think. I do need to speak to Mary about this (I have already but need to review final letter with her) so can you revise this letter and send back to me? I am sure Mary will be W

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happy but we do need to double check with her. Thanks, R J Smith MP211209RS.doc

Richard Stephenson Director of Commercial Public Relations Royal Mail Group 100 Victoria Embankment London EC4Y 0HQ

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GRO Tel: Postline: GRO Fax: GRO Givi Mobile: GRO GRO Mobex: Email: richard.m.stephenson GRO www.royalmailgroup.com



T GRO E alan.cook GRO

> Your Ref: 01090013 Our Ref:ECT 377/09

Rt Hon Jacqui Smith MP House of Commons LONDON SW1A 0AA

21 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office[®] branches, [IS THERE A MILLIONS PER DAY FIGURE WE CAN USE HERE?] processing over 750 transactions per second at peak times. RICHARD THIS FIGURE IS CONFIRMED AS CORRECT. 1 HAVE ASKED AGAIN FOR A DAILY TRANSAX FIGURE BUT MAY NOT GET IN TIME TO INCLUDE – IF SO ARE WE HAPPY TO GO WITH PER SECOND TIMES? All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is always maintained.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon Online[™]. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April 2010. The new system has been designed with extensive input from subpostmasters and other users and will increase efficiencies and enhance the role of the subpostmaster.

Page 2 of 2

In 2010/11 alone, the new system will also save Post Office Limited £56m due to a newly negotiated contract.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE CORRECT?] RICHARD: THIS WAS USED LAST WEEK BY THE WELSH EXT RELS TEAM SO I HAVE TAKEN AS CORRECT, I HAVE ASKED WHERE THEY GOT IT FROM BUT THEY CANNOT GET BACK UNTIL TOMORROW or so independent business people who operate a Post Office[®] service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions please do let me know.

Yours sincerely

Alan Cook Managing Director

Sings Para

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Richard M Stephenson	To: Michele Graves/e/POSTOFFICE GRO
21/12/2009 13:04	cc: Ruth H Barker/e/POSTOFFICE GRO
	ding off to a meeting now but Ruth is around to chat. We have made
some comments throughout the le	etter in caps. I have also sent you an email sent by Alan recently
	have used one of them to replace a para in the letter. We need to ng too much about the system failing so we have changed this. Have
a look and see what you think. I d	to need to speak to Mary about this (I have already but need to
review final letter with her) so can	you revise this letter and send back to me? I am sure Mary will be
hanny but we do need to double of	heck with her. Thanks, R J Smith MP211209RS.doc
happy but we do heed to double c	
Richard Stephenson	
Director of Commercial Public Rel Royal Mail Group	lauons
100 Victoria Embankment	
London	
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Tel: GRO	
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E alan.cook GRO

Rt Hon Jacqui Smith MP House of Commons LONDON SW1A 0AA

17 December 2009

Dear Ms Smith

Thank you for your letter of 1 December in relation to one of your constituents, Mr Julian Wilson and your concerns around the Horizon computer system. May I first apologise for the delay in reply.

Horizon is a computerised accounting system which operates in around 12,000 Post Office[®] branches, [IS THERE A MILLIONS PER DAY FIGURE WE CAN USE HERE?]processing over 750 transactions per second at peak times. All new software releases are subject to rigorous testing before they go live in order to assure the accuracy of the accounting processes. The system and the processes around it offer an extremely high level of security and resilience WITH SIGNIFICANT FAILSAFE PROCEEDURES TO ENSURE [REMOVE : and are designed to ensure that should part of the system or equipment fail, which all systems do from time to time,] the integrity of the accounting records are ALWAYS maintained.

Over the years the system has been tested both in and out of criminal and civil court and has not been found wanting. Whilst I recognise that some subpostmasters have found this difficult to accept, there is no evidence to doubt the integrity of the Horizon system and we retain absolute confidence in its' robustness and reliability.

Moving forward, as with any business we constantly look to how we can operate more cost effectively but at the same time update and improve our systems and processes. We are currently in the process of implementing a new version of Horizon, called Horizon Online[™]. The preparation for the roll out of new counter software is at an advanced stage and completion is expected to be by the end of April, [REMOVE aside from a few offices that may be temporarily closed, for example for refurbishment work. The main benefit of the new system is a significant reduction in running costs compared to the old system under the previous contract with the supplier]. THE NEW

SYSTEM WILL INCREASE EFFICIENCIES AND ENHANCE THE ROLE OF THE SUBPOSTMASTER. In 2010/11 ALONE, THE NEW SYSTEM WILL ALSO SAVE POST

Your Ref: 01090013 Our Ref:ECT 377/09

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Page 2 of 2

OFFICE LTD [this saving will be] £56m DUE TO A NEWLY NEGOTIATED CONTRACT. The new system will also make it easier for users and has been designed with extensive input from subpostmasters and other users.

[REMOVE PARAGRAPGH As with the current system, the design ensures that accounting integrity is ALWAYS maintained EVEN when A system failure occurS. Significant amounts of testing effort are devoted to proving that not only does the system fail in a way that enables integrity to be maintained but also to ensure that the system alerts those responsible for its maintenance when a failure occurs.]

REPLACE WITH : All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained.

The relationship between Post Office Limited and the 11,000 [IS THIS FIGURE CORRECT?] or so independent business people who operate a Post Office[®] service is of paramount importance to us and I fully agree that it is vital that our subpostmasters and mistresses are provided the highest level of support. I believe that the systems we have in place deliver this.

I trust the above information has allayed your concerns but should you have any further questions, then please do let me know.

Yours sincerely

Pr. 1 R. and and

Alan Cook Managing Director

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	POL00158368 POL00158368		
	Richard M Stephenson To: Michele Graves/e/POSTOFFICE GRO C:: Ruth H Barker/e/POSTOFFICE GRO Subject: Fw: Michael Rudkin email - new draft for approval		
	Michele - see below for background info - and sending letter in another email now		
	Forwarded by Ruth H Barker/e/POSTOFFICE on 17/12/2009 18:14		
	Alan Cook To: Hayley Fowell/e/POSTOFFICE GRO 06/11/2009 12:31 cc: Michele Graves/e/POSTOFFICE GRO Paula Vennells/e/POSTOFFICE GRO , Richard M Stephenson/e/POSTOFFICE GRO F, Ruth H Barker/e/POSTOFFICE GRO *Tracy Abberstein*		
	Subject: Re: Michael Rudkin email - new draft for approval		
	This is good - thank you		
	Tracy as I am on blackberry can you send from my email cabinet please		
	Thanks		
	Alan		

	Alan Cook Managing Director Post Office Ltd Tel GRO		
	Alan.cook GRO		
••• •••	Message sent via blackberry Hayley Fowell		
Original Message From: Hayley Fowell Sent: 06/11/2009 11:58 GMT To: Alan Cook Cc: Michele Graves; Paula Vennells; Richard Stephenson; Ruth Barker Subject: Michael Rudkin email - new draft for approval Hi Alan, Thank you for your feedback. We have redrafted the email to ensure a more supportive tone and have included further detail to support our stance. Please do let me know if this is acceptable and if so, how you would like to send.			
	I apologise for the delay in getting this to you and very much appreciate your help with turning this around quickly as I know you are very busy.		
	Regards, hayley		
	DRAFT RESPONSE TO MICHAEL RUDKIN - VERSION 2		
	michaelrudkin(GRO		
	Dear Michael		

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Thank you for your email of 15 October and for bringing to my attention the article in Convenience Store magazine and the meeting being held on Sunday 8 November in Fenny Compton. My apologies for the delay in reply.

We are aware of the recent interest being taken in the robustness of the Horizon system by some external parties. I am not sure exactly why this is as the system has been in place for around ten years, successfully recording millions of transactions each day, and has proved time and time again to be robust and fit for purpose.

Where concerns have been raised about Horizon or the computer equipment, they have been taken extremely seriously and have been thoroughly investigated. I recognise that some people may find it difficult to accept but no evidence has been found pointing to any fault with the system or technology.

All new software releases on Horizon are subject to rigorous testing prior to going live in order to ensure the accuracy of the accounting processes. Our ongoing monitoring and control processes mean that any issues in a 'live' operation are quickly identified and resolved, and ensure that should part of the system or equipment fail, the integrity of the accounting records is maintained

In summary, we remain fully satisfied that the system and the processes around it offer a very high level of security and resilience. We are completely confident that the system is capable of handling the financial services transactions undertaken at our branches, and that it will continue to support any new services that we plan to introduce in the future.

Thank you for your support on this issue - it is much appreciated. I do hope that you feel you can now speak to your NFSP Branch and Region with confidence at Sunday's meeting.

Kind regards

Alan

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Alan Cook

and the set of the second second and the spectrum set and a set Alan Cook To: Paula Vennells/e/POSTOFFICE GRO Ruth H GRO Barker/e/POSTOFFICE 06/11/2009 07:25 cc: Hayley Fowell/e/POSTOFFICE Michele GRO Graves/e/POSTOFFICE GRO "Richard Stephenson" GRO Subject: Re: Contracts

Hayley/Michele

Now I see this it all comes back to me. we definitely owe him a fuller response than currently drafted. He is offering to help diffuse a tricky issue. We need to give him more if he is going to stand up and defend us

Also we cannot apologise for the delay due to me holiday - that was 2 weeks ago! We seem to have left this until the last minute but clearly we now need to get this one done today Alan

***	***	****	****	***

Alan Co	ook		
Managi	ng Directo	or	
Post Of	fice Ltd		
Tel	GRO		
Mob	GRO		
L		CT20211	
Alan.co	ok	GRO	

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Message sent via blackberry Paula Vennells

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----- Original Message -----From: Paula Vennells Sent: 06/11/2009 06:27 GMT To: Ruth Barker Cc: Hayley Fowell; Michele Graves; Alan Cook Subject: Re: Contracts

Ruth, the attachment needs to be in email format pls - Alan and I are out of the office and so need to view it on Blackberrys.

Also, we need the original email; what was attached looked more like a powerpoint of a press cutting.

Thx Paula Ruth H Barker

> ----- Original Message -----From: Ruth H Barker Sent: 05/11/2009 17:52 GMT To: Paula Vennells Cc: Hayley Fowell Subject: Fw: Contracts

Hi Paula

Hayley's asked me to forward you the original email from Michael Rudkin

Any questions please do not hesitate Hayley or myself.

Ruth

----- Forwarded by Mary Fagan/e/POSTOFFICE on 16/10/2009 15:41 -----

Alan Cook 15/10/2009 15:25 To: Mary Fagan/e/POSTOFFICE GRO cc: ET, David X Smith/e/POSTOFFICE(GRO Subject: Fw: Contracts

Mary

I know you are busy right now but in Richards absence can you get someone to see what we can about this developing situation outlined below?

For some strange reason there is a steadily building nervousness about the accuracy of the Horizon system and the press are on it as well now

It is the more strange in that the system has been stable and reliable for many years now and there is absolutely no logical reason why these fears should now develop

My instincts tell that, in a recession, subbies with their hand in the till choose to blame the technology when they are found to be short of cash

Bizarrely the author of the email below was a very senior postmaster in the Fed who I know well but who's wife was found to be defrauding us and we have prosecuted

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 \overline{V} We should therefore be careful of approaching him for further info without talking to Paula first

Not sure what we can do but I do see this as an escalating and serious challenge - particularly as a new version of Horizon is due to go live in February!!

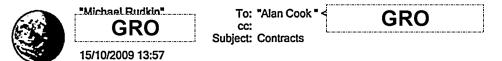
Thanks

Alan

Alan Cook Managing Director Post Office Ltd

Tel:	GRO	Postline	GRO
Mobile:	GRO	Mobex:	GRO
e-mail: al	an.cook	GRO	

----- Forwarded by Alan Cook/e/POSTOFFICE on 15/10/2009 15:16 -----



Dear Alan

See attachment!!! I presume you have already seen the article in the convenience store magazine. My question to the business is;

• Is this article likely to have any impact on the contracts we already have with our existing banking partners. Will our prospects of becoming a Post Bank be delayed if our clients start to questions Horizons abilities and is it fit for purpose for the foreseeable future?

The reason for my question is, a Horizon pressure group has formed and they are to meet on Sunday 8th November 09 at Fenny Compton Hall in the Midlands and I wish to keep a balanced view and present this to my NFSP Branch and Region before anyone attends this meeting. This should also minimize adverse publicity to our industry which is already receiving enough bad press at the moment. Currently the BBC, Panorama and Watch Dog researches are digging the dirt here in Leicestershire.

I hope my request is not an imposition on your time or deemed as impertinent.

Kind Regards Michael Rudkin

Ibstock Post Office & Newsagents 118/120 High Street Leicester LE67 6LJ Tel; GRO michaelrudkin GRO

[attachment "convenience store Hindocha.ppt" deleted by Paula Vennells/e/POSTOFFICE]